BRITISH COLUMBIA
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BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 07-47 November 23rd, 2007

- **BC's inflation rate drops to 1.6% in October**
- **Retail sales stall in September; wholesale sales drop 3.1%**
- **BC industries spent $1.5 billion on R&D in 2005**

Prices

- **British Columbia's year-over-year inflation rate edged down to 1.6% in October.** Although the cost of energy remained higher than in the same month last year (+2.4%), prices for several other goods and services fell, and excluding energy, the inflation rate was 1.4%.

  Higher fuel prices helped drive transportation (+1.6%) costs up last month, as vehicle owners continued to pay more (+6.4%) to fill up their tanks. This contributed to an increase in the cost of operating a motor vehicle (+4.7%). However, consumers paid less to purchase (-1.9%) an automotive vehicle as well as for public transportation (-1.9%). Despite significantly higher costs for fuel oil (+12.9%) and water (+7.7%) BC residents paid just 1.9% more for shelter than in October of last year. Home owners faced higher insurance premiums (+4.4%) but paid less for home maintenance and repair (-3.9%). Overall costs for accommodation were up 1.6% for renters and 2.6% for home owners.

  Consumers in BC also paid more for many other types of goods in October. Food prices rose 1.8%, reflecting increases in the cost of food purchased from stores (+0.8%) as well as restaurant meals (+3.7%). Health & personal care (+0.8%) prices were also up as were costs for alcoholic beverages & tobacco (+2.6%).

  In general, BC residents paid more for non-durable goods (+1.4%) and services (+2.4%), while prices for durable goods (-2.0%) were moderately lower.

  The inflation rate in Vancouver (+1.8%) was slightly higher than the provincial average, while Victoria's rate (+0.8%) was only half the average for the province as a whole.

  Data Source: Statistics Canada

- **Nationally, gasoline prices (+13.5%) increased at double-digit rates for a second straight month, driving the overall price index (+2.4%) up in October.** However, upward pressure was also coming from increasing cost of owned accommodation (+4.8%). Mortgage interest costs rose 6.7% in October, the highest growth since June of 1991.

  British Columbians experienced the lowest overall price increase in the country in October. Alberta's inflation rate (+5.0%) was more than double the national average and Saskatchewan (+3.6%) had the second-highest increase in the country.

  Data Source: Statistics Canada

The Economy

- **Sales by retailers in the province were relatively flat (+0.1%, *seasonally adjusted*) in September.** Canadian sales were down 0.2% due to decreased automotive sales (-0.7%) and falling prices at furniture and electronics stores (-2.2%). Among the provinces, only retailers in Saskatchewan (+1.9%), Nova Scotia (+1.0%) and Manitoba (+0.8%) made gains. In the rest of the country, sales declined at rates ranging from -0.7% in Newfoundland & Labrador to -1.9% in Ontario.

  Data Source: Statistics Canada

- **Wholesale sales in BC continued to fall in September, dropping 3.1% (*seasonally adjusted*) subsequent to a 5.2% decline in August.** Canadian sales were up 1.1%, with most provinces posting increases. Along with BC, only wholesalers in Nova Scotia (-1.1%) and New Brunswick (-2.1%) saw wholesales slip.

  Data Source: Statistics Canada

- **Production at the province's sawmills and planing mills was significantly lower (-13.9%) in September than in the same month last year as mills continued to feel the effects of a**

Report Small Business Continues to Thrive in BC

Did you know...
Almost two-thirds (63%) of British Columbians say they are more likely to shop in the US as a result of the rise in the Canadian dollar *Source: Ipsos Canada*

labour disruption. Mills in the Interior produced 4.6% less lumber while coastal mills cut output by 69.2%. Canadian production was also down (-11.9%), largely because of slowed activity in BC, Quebec (-9.2%) and Ontario (-22.5%). *Data Source: Statistics Canada*

Third Quarter in Review

- **Retail sales in the province increased 0.5% (*seasonally adjusted*) during the third quarter, building on a solid second-quarter gain of 2.8%.** Retailers of home furnishings, electronics and clothing made solid gains while cash registers at convenience & specialty food stores rang up less than in the second quarter.

  Data Source: Statistics Canada & BC Stats

- **Wholesale sales in BC were up 1.7% (*seasonally adjusted*) in the third quarter, marking the third consecutive quarterly increase.** Canadian wholesalers posted an overall increase of 1.2% despite continued weakness in Ontario (-0.1%). *Data Source: Statistics Canada & BC Stats*

Tourism

- **The number of travellers entering Canada via BC borders inched up (+0.1%, *seasonally adjusted*) in September, on the heels of a sizeable (+3.5%) increase in August.** Entries from the US, which comprise most of the visits, were down slightly (-0.1%), as Americans made fewer same-day (-1.3%), but more overnight (+0.5%) trips into BC. Travel to BC from overseas countries also increased (+0.6%) in September with significantly more entries from Europe (+1.8%). Trips from Asia (+0.0%) and Oceania (-0.2%) were both relatively unchanged from August.

  Data Source: Statistics Canada & BC Stats

Research & Development

- **In 2005, firms performing research and development (R&D) in the province dedicated $1.5 billion to industrial R&D spending, up from $1.4 billion in 2004.** BC ranked third in R&D spending by industry, with nine percent of the country's R&D spending occurring in the province. Ontario ($8.0 billion or 52%), Quebec ($4.2 billion or 27%) and Alberta ($1.1 billion or 7%) were the also important provincial contributors.

  R&D activities provided 137,686 full-time equivalent jobs across the country in 2005, most (60%) of which were to scientists and engineers. The leading industries performing R&D in Canada were information & cultural industries ($1.7 billion), communications equipment ($1.4 billion), scientific research & development ($1.3 billion), computer system design services ($1.3 billion), pharmaceutical & medicine ($1.1 billion) and aerospace products & parts ($1.0 billion). *Data Source: SC Catalogue 88-001-XIE*

Urban Transit

- **Canadians continue to take more trips on urban transit systems.** Combined ridership on ten large urban transit systems (accounting for 80% of total urban transit in Canada) was up 4.8% in September over the same month last year. About 126.6 million passenger trips were taken on these systems, generating $213.3 million in revenue, a 7.2% increase over September 2006. *Data Source: Statistics Canada*

The Nation

- **Corporations in Canada earned record high operating profits in excess of $67 billion (*seasonally adjusted*) in the third quarter of 2007, an increase of 5.8% over the second quarter.** Profit margins for financial corporations were on the rise (+6.2% to $19.4 billion) and operating returns for manufacturers advanced 0.3%.

  Data Source: Statistics Canada

- **Canadians divested $4.5 billion worth of foreign securities in September marking the second consecutive month of significant decreases,** mostly due to continued disposition of foreign money market paper.

  Similarly, non-residents shed themselves of Canadian securities totalling $5.2 billion. While non-residents acquired more than $303 million in money market paper, this was not enough to offset a $2.9 billion decrease in foreign holdings of Canadian stocks and a $2.6 billion divestment of Canadian bonds. *Data Source: Statistics Canada*

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Originally published in
Business Indicators Issue 07-10

Small Business Continues to Thrive in B.C.

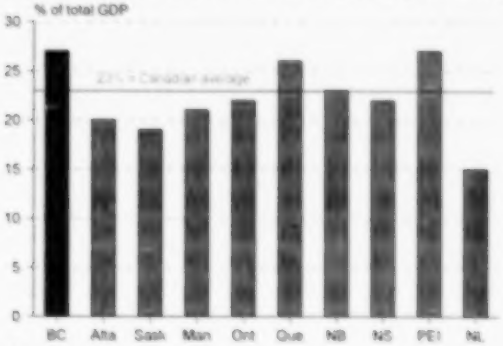
It is always interesting to look at how small business fares in the province, especially in view of the recent buzz about BC's hot economic climate, labour shortages and the upcoming 2010 Olympic Games.[1] Small business contributes to the provincial economy in a number of ways: by creating and maintaining employment, through its production of goods and services, as a source of innovation and by meeting payrolls that support families and stimulate further economic activity.

A business is defined as a small business if it is either:

- **A business with fewer than 50 employees**
- **Operated by a self-employed person with no paid help**

BC ranked first among the provinces in proportion of GDP generated by small business

In 2006, small business in British Columbia



Source: BC Stats

accounted for 27 per cent of the province's GDP, well above the national average of 23 per cent. British Columbia ranks the highest of all provinces (tied with Prince Edward Island), suggesting that small business plays a more significant role in the provincial economy in British Columbia than it does in other parts of the country.

Small business expands in BC

A total of 378,700 businesses were operating in British Columbia in 2006. Of those, 370,700, or 98 per cent, were small businesses. Nearly 56 per cent of all businesses in the province were operated by self-employed individuals with no paid help. By comparison, only 53 per cent of all Canadian businesses were comprised of self-employed people with no paid employees. The total number of small businesses operating in the province increased for the fifth consecutive year in 2006, climbing 1.8 per cent from 2005. Both small businesses with employees (+3.1 per cent) and businesses operated by unincorporated self-employed individuals without paid help (+0.9 per cent) saw their numbers increase.

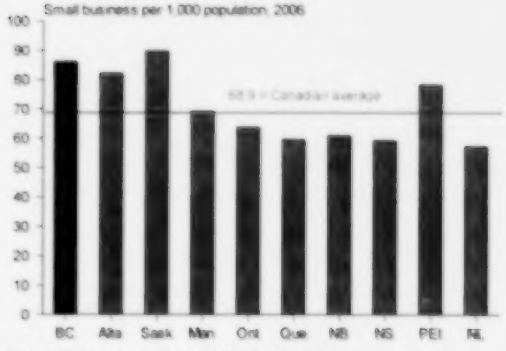
Over the last five years, British Columbia has led the country in growth in the number of small businesses. Between 2001 and 2006, the count of small businesses in the province surged 11.0 per cent, more than triple the national growth average of 3.6 per cent. Alberta (+7.6 per cent), and Manitoba (+4.8 per cent) were the only other provinces to exceed the Canadian average. Declines among other provinces ranged from 1.4 percent in New Brunswick to 11.9 per cent in Saskatchewan.

[1] This article is a summary of a larger publication entitled "Small Business Profile 2007," which is available online at http://www.bcstats.gov.bc.ca

BC led the country in growth in the number of small businesses between 2001 and 2006

Source: BC Stats using data supplied by Statistics Canada

Small business is bigger in western Canada



Source: BC Stats using data supplied by Statistics Canada

The small business count in the province expanded by an average of 7,300 per year from 2001 to 2006, translating to an average annual growth rate of 2.2 per cent. However, the rate of growth of small businesses overall lagged that of businesses with 50 or more employees. There was an average annual net increase in large businesses in the province of 2.6 per cent from 2001 to 2006.

Western Canada generally has more small businesses per capita

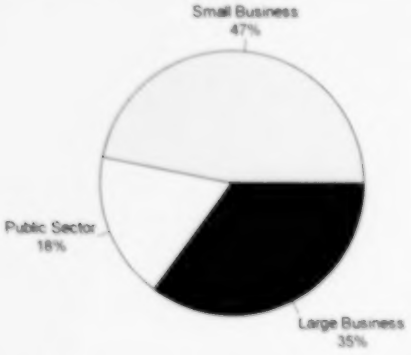
Small businesses are more prevalent in Western Canada compared to the rest of the country, at least in terms of businesses per capita. After surpassing Alberta for the first time in 2005, British Columbia held on to its ranking of second among the provinces in 2006, with 86.0 small businesses per 1,000 people. Saskatchewan had the highest ratio of small businesses to population with 89.7 per 1,000 people last year, followed by British Columbia, and Alberta (82.0). The only other provinces exceeding the Canadian average of 68.9 small businesses per 1,000 people were Prince Edward Island (78.1) and, marginally, Manitoba (69.0).

Small business accounts for nearly half of all jobs in the province

There is a wide variety of activities in which small businesses in British Columbia are engaged, ranging from family-owned corner stores, to self-employed computer programmers to small lumber milling operations. Almost three-quarters of all businesses in the province are in service sector industries, with small businesses just as likely to be providing a service as large businesses.

British Columbia's small business sector was the source of approximately 1,025,600 jobs in 2006. This accounts for almost half (47 per cent) of all the jobs (2,195,500) in the province. The private sector (including both small and large businesses) employed 1,804,300 people in British Columbia in 2006, of which 57 per cent were in small business, a ratio that has remained essentially unchanged over the past seven years. In 2006, self-employed workers represented 23 per cent of total private sector employment. Of those people who were employed by a business, 34 per cent worked for a small business and the remaining 43 per cent were employees of large businesses.

Almost half the working people in BC worked in small business



Source: BC Stats using data supplied by Statistics Canada

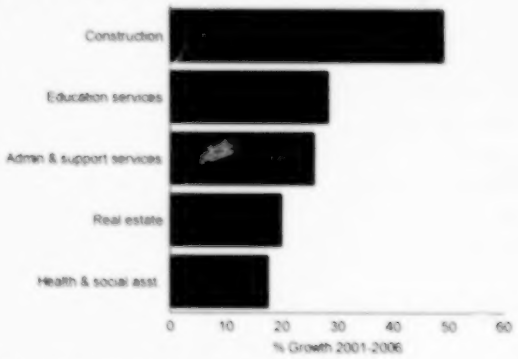
Small business employment in British Columbia climbed 1.5 per cent in 2006, marking the fifth straight year of growth. Both employees of small businesses and self-employed individuals have contributed to the expansion in employment in the last few years, although there was a slight decline in the number of self-employed in 2006 (-0.5 per cent).

The 1.5 per cent rise in small business employment in British Columbia between 2005 and 2006 remains among the strongest in the country and well above the Canadian average of 0.9 per cent. Other than British Columbia, only Prince Edward Island (+4.8 per cent) and Alberta (+1.5 per cent) had growth rates exceeding one per cent. The province's 2005 construction boom in both housing and other projects has carried through to 2006 and continues to play a role in the growth in small business employment in British Columbia.

Construction sector created the most new jobs between 2001 and 2006

Between 2001 and 2006, the construction industry was the largest provider of new small business jobs in British Columbia. Employment in this industry surged 49.1 per cent as the recent construction surge in the province created approximately 25,500 new jobs over the five year period. The retail trade sector also added a substantial number of new jobs, increasing its employment by 12.1 per cent and creating nearly 10,000 new jobs. In terms of growth rates, the educational services sector recorded the second most significant increase in employment (after the construction industry) over this period with a 28.3 per cent spike in employment (an addition of about 2,700 jobs).

Small business employment: fastest-growing industries in British Columbia 2001-2006



Source: BC Stats using data supplied by Statistics Canada

Self-employment is on the rise

Over the last five years, the ratio of self-employed over total employment has remained relatively stable. In 2006, self-employment accounted for 18.8 per cent of total employment, down slightly from 2005 (19.5 per cent).

The growth in self-employment in the province has occurred most substantially within the group of self-employed without paid help (+41 per cent between 1996 and 2006). Over the last decade, the number of self-employed persons with employees expanded at a much slower rate (+6 per cent). However, in recent years, both classifications have exhibited similar signs of growth. Between 2001 and 2006, the number of self-employed without employees experienced a

19 per cent rise, while the number with employees climbed 16 per cent. Although it has always been common to see more self-employed individuals without paid help than those with employees, the disparity in number has become even more pronounced in recent years. This may in part be due to the recent growth in the number of new small businesses. Many small businesses begin with one individual running their own business, often from home. As they grow, they in turn take on employees.

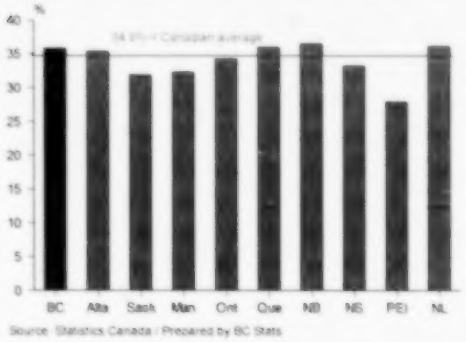
Self-employed characteristics differ from those of employees

On average, self-employed people tend to be older, are more often men, work longer hours and are less likely to be Aboriginal peoples compared to workers who are employees.

Well over half (58 per cent) of British Columbia's self-employed are between the ages of 35 and 54, compared to only 47 per cent of employees. While 41 per cent of employees are under the age of 35, only 17 per cent of self-employed business owners fit this description. At the other end of the scale, 25 per cent of entrepreneurs are aged 55 and over, compared to only 12 per cent of employees.

Another difference that emerges between self-employed persons versus employees is gender balance. While workers who are employees are equally likely to be men as women, those that are self-employed are more often men. In 2006, in British Columbia, almost two-thirds of the self-employed were men. As in the rest of the country, women entrepreneurs in British Columbia are making some important strides for business in the province. In 2006, 35.7 per cent of all business owners in British Columbia were women. This was above the national average of 34.8 per cent and the fourth highest rate among the provinces.

Proportion of BC small businesses owned by women is above the national average

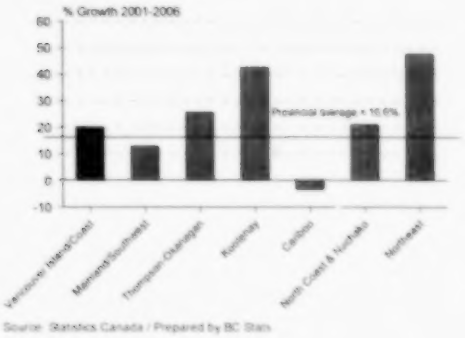


Source: Statistics Canada / Prepared by BC Stats

The Northeast region is BC's leader in small business growth

Over the last five years, six of British Columbia's seven regions recorded growth in the number of small businesses. As a result of activity in the oil & gas sector, along with growing new industries, the Northeast region of British Columbia has been booming in recent years. This economic growth is reflected in rising numbers of small businesses in the area. Between 2001 and 2006, this region led the province in growth in the number of small businesses with an average annual growth rate of 6.3 per cent. This translates to an average increase of 400 businesses per year. The Kootenay region (+3.7 per cent) was second in terms of average annual growth, adding an average of 400 net new small businesses per year, followed by North Coast & Nechako (+3.1 per cent), which added an average of 200 small businesses annually.

Self-employment growth rate highest in Northeast



Source: Statistics Canada / Prepared by BC Stats

In terms of actual numbers, Mainland/Southwest (+1.9 per cent or 3,700 establishments) and Vancouver Island/Coast (+2.8 per cent or 1,600 establishments) added the most new businesses to the province. Only one region showed a decline in the number of small businesses – the Cariboo region (-1.0 per cent), which declined by an annual average of about 100 businesses.

The Northeast was also the region with the strongest growth in the number of self-employed between 2001 and 2006. The 47.5 per cent surge in self-employment in that region was slightly ahead of the 42.4 per cent rise recorded in the Kootenay region.

Continued growth

The growth in communications technologies such as the Internet has helped make the world a smaller place from the business sense. The small business sector is already an important part of the British Columbia economy and new technology could help it grow and become even more essential in the future.

It is inarguable that small business in BC has, in more ways than one, shown significant signs of growth in recent years. Indeed, small business appears poised to continue to expand and remains a vital and vibrant part of the province's economic landscape.

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Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

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BC at a glance . . .

POPULATION (thousands)	Jul 1/07	% change on one year ago
BC	4,380.3	1.4
Canada	32,976.0	1.0
GDP and INCOME (Revised Nov 8)		
(BC - at market prices)	2006	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	180,328	6.4
GDP *($ 2002 millions)*	158,335	3.3
GDP *($ 2002 per Capita)*	36,649	1.9
Personal Disposable Income *($ 1997 per Capita)*	23,996	5.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Sep	3,517	-3.7
Merchandise Exports - Sep	2,481	-2.4
Retail Sales - Sep	4,730	0.1
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - Oct 2007)		
BC	1.6	1.8
Vancouver	1.8	2.2
Victoria	0.8	1.2
Canada	2.4	2.0
LABOUR FORCE (thousands)	Oct '07	% change on prev. month
(seasonally adjusted)		
Labour Force - BC	2,376	0.3
Employed - BC	2,273	0.3
Unemployed - BC	104	1.0
		Sep '07
Unemployment Rate - BC *(percent)*	4.4	4.3
Unemployment Rate - Canada *(percent)*	5.8	5.9
INTEREST RATES (percent)	Nov 21/07	Nov 22/06
Prime Business Rate	6.25	6.00
Conventional Mortgages - 1 year	7.20	6.40
- 5 year	7.39	6.55
US-CANADA EXCHANGE RATE	Nov 21/07	Nov 22/06
(avg. noon spot rate) Cdn $ per US $	0.9895	1.1413
(closing rate) US $ per Cdn $	1.0125	0.8768
AVERAGE WEEKLY WAGE RATE	Oct '07	% change on one year ago
(industrial aggregate - dollars)		
BC	748.87	2.2
Canada	763.91	4.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

2006 Census Profiles

New! Census tract (neighbourhood) profiles

We have launched our new series of profiles. Census tract profiles are now available. We have also improved the access to the 2001 Census Profiles.

www.bcstats.gov.bc.ca/data/cen06/profiles/detailed/choose.asp

Small Business Profile

A joint product of BC Stats, the Ministry of Small Business and Revenue, Small Business BC and Western Economic Diversification Canada, this annual publication provides a profile of BC's small businesses, including number of businesses, employment and GDP.

www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus.asp#sbp

BC High Technology Profile

The 2007 Edition of the high technology profile looks at the sector in BC through an examination of key indicators such as GDP, revenue, employment, wages and salaries, establishment counts and international trade. It also offers comparisons with other provinces and US states to give a picture of the relative size of BC's industry.

www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp

Released this week by BC Stats

- Consumer Price Index, October 2007
- Quarterly Regional Statistics, 3rd Quarter 2007

Next week

- Business Indicators, November 2007
- Current Statistics, November 2007

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